

DD/A Registry

78-0898/1

9 MAR 1978

MEMORANDUM FOR: Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Day Care Centers

1. Action Requested. None. The purpose of this memorandum is to bring you up to date on our activities in regard to a day care center at CIA.

2. Background. We have made a study of the experiences with day care centers elsewhere in the Federal Government and have examined the feasibility of such an activity here at CIA. The results of our investigations are described in detail in the attached report but we sum them up generally in this memorandum for your information.

There are seven day care centers in operation within the Federal Government in this area. They have received support from appropriated funds as the result of varying degrees of assistance extended by their parent agencies or departments; such assistance has generally been in the form of space, equipment and services. The primary purpose of such support has been to enable the day care centers to develop to the point at which they could be operated by the participating employees and thus be made self-sustaining. A Circular instruction proposed in December 1977 by the OMB would require, if it becomes effective, that day care centers (and other supported activities) reimburse the Government for all support (space, equipment, services, etc.) provided.

The seven day care centers now in existence were established in prior years at a time when there was no clear public policy on this subject. President Carter, however, stated publicly in 1977 that he is not in favor of providing day care centers for Federal employees. It is not clear if the President is opposed to the establishment of day care centers in Federal agencies if the centers are completely self-sustaining.

3. Staff Position. Regardless of the cautionary observations offered above, we believe the Agency should pursue the possibility of establishing a day care center from appropriated funds with the expectation that the participating employees would reimburse the Government for all expenses when it became fully operational. We would plan to sound out OMB on such proposal.

First, however, we must have a clear understanding of what a day care center will mean in CIA and what precisely will be proposed. The term day care center is applied loosely, and can cover merely baby-sitting arrangements or organized classes and recreation for pre-school age children, and a variety of arrangements in between.

We plan, therefore, to ascertain the interest of CIA employees in a day care center and the extent to which they will commit themselves in terms of support. Whether we are successful in securing legislative approval to use Government support as a starter for the effort or the project is self-initiated and self-sustained by Agency employees, we should realize that there needs to be unequivocal and strong, if not actually heavy, financial support from participating employees. The steps to be taken to ascertain the interest and commitment of employees are described in the attached report.

When we have identified that our employees indeed want a day care center, have defined the type center they want and have ascertained the extent of participation, we shall have the information necessary to prepare our recommendations to you.

/s/ John F. Blake

John F. Blake

Att

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2 MAR 1978

MEMORANDUM FOR: Deputy Director for Administration

VIA : Director of Personnel

FROM :
Chairman, Day Care Committee

SUBJECT : CIA Day Care Center Study

1. Action Requested: This memorandum contains information regarding the operation of day care centers in Federal agencies and presents recommendations in paragraph 4 for further action.

2. Background: The first study by our Agency of the day care center situation was initiated in January 1972 (Tab A). At that time the best known Federal day care centers were those of the Department of Labor (DOL) and Health, Education and Welfare (HEW). These Departments supplied rent-free space, equipment and substantial appropriated funds which were supplemented by fees assessed parents using the centers. Both programs were established as demonstration and research projects in connection with responsibilities of those Departments in the areas of the U. S. work force and social security.

Legislation that would have provided authority for all agencies and departments to establish centers to meet the specific needs of their own employees was vetoed by the President in December 1971. By the time the Agency had completed its study of day care centers, in May 1972, the Office of Management and Budget (OMB) had made it quite clear to several departments that it would not support requests for the funding of Federal day care centers. Action was deferred by the Agency pending a change in public policy. This Agency has not taken any further action on the subject since the original study was completed.

The most significant policy statement since then was made by President Carter on 16 February 1977 during a question and answer session with HEW employees. The question was, "Does your administration favor the Federal funding of day care centers for Federal employees?" The answer was, "I think that I would

have to answer no. I don't see why we should single out Federal employees as the only group in the Nation who would uniquely be provided with day care services. I think Federal employees ought to be treated the same as other employees in private life." (Tab B).

A representative group of secretarial-clerical employees met with the Director in October 1977. Among the items raised by the group was the establishment of a day care center for the use of Agency personnel. They pointed out that at least seven Federal agencies have centers. These included two in HEW; the DOL center; two smaller centers in suburban locations of Agriculture (Beltsville) and the National Aeronautics and Space Administration (Goddard Space Center); one at the National Institutes of Health (NIH) which opened in 1973 and is described later in this report; and a baby-sitting service which is operated by the National Security Agency at Fort Meade. It is the belief of the group that existing commercial facilities are inadequate and they made several recommendations as to possible solutions (Tab C). We have been asked to develop an appropriate response which includes a summary of the pro and con views, experience of other Federal agencies and our recommendations.

A committee was formed in November 1977 to conduct the current study and a report of its initial work was made on 5 December 1977 (Tab D). The Director made the following comments in response to that report (Tab E):

- The study should not falter on the lack of authority to use appropriated funds.
- The question of constructing a small building on the grounds should be explored.
- It might be worth our effort to see whether a commercial day care center organization would be willing to take a survey to see if we could make such a thing pay.
- Once we determine that it's at all feasible, the big question is what number of customers we would have and hence whether we could make it attractive financially to those who would use it.

The history of day care centers in Federal agencies has gone through three stages. First there were the developmental centers of HEW and Labor that were financed primarily from appropriated funds as demonstration projects. Then during the 92nd

Congress a bill was passed containing specific provision for Federal Government Child Development Programs which would have included day care centers for Federal agencies. This bill was vetoed in December 1971 but it gave considerable impetus to the interest in day care centers. The third stage has seen the operation of existing centers turned over to parent groups that are considered self-sustaining but in fact have been provided such subsidies as equipment, space, utilities, maintenance and "seed" or developmental funds. One new center for the Department of Housing and Urban Development (HUD) was approved during 1976 in specific legislation under this new concept.

In December 1977, a draft circular on the Assignment of Federally-Controlled Real Property to non-Federal Activities was distributed by OMB (Tab F). This proposed circular contains a provision that would require the Government to recapture from the users the full cost of day care centers established in Federal space. Costs to be recovered include the value of the space, amounts expended for alterations and renovations, equipment, furniture, supplies, utilities, maintenance and custodial services, and staffing. Comments were requested by 20 February 1978. There is considerable opposition to this circular because of its impact on day care centers, cafeterias and a variety of employee services. If the draft circular becomes Federal policy, a new stage in the history of these centers will begin. It appears likely to those working with the day care centers in Federal agencies that they would have to close because the high cost of this space would require excessive payments by the parents. In any event, the circular represents a point of view that considers it inappropriate for the Federal government to provide or subsidize day care centers for its employees.

Those who favor Federal day care centers point to the success and value of existing centers and to Congressional intent as reflected in legislation such as that which authorized HEW to provide space for this purpose. There are two HEW day care centers that were initially established and operated by HEW as demonstration projects and are now operated by parent groups. Space, utilities and maintenance are provided free by HEW as a result of specific legislation passed in 1976. Classroom and playground equipment were also made available when the demonstration projects were completed and the parents assumed responsibility for the operation of the existing programs (Tab G).

While the National Institutes of Health (NIH) is part of HEW, their day care center was established in a different manner. Strong employee interest led to the appointment of a Child Development Committee and to the hiring in December 1971 of Miss Virginia Burke as a consultant. Miss Burke is assigned

to the Equal Employment Office but devotes full time to day care matters. She met with interested groups and provided the organizing force in putting a program together. Classroom space in an NIH building was provided at a cost of \$3,640 rent for the first year. Renovation of the space was done by NIH at a cost of \$50,000. Arrangements were made with a private company, Educational Systems, to operate the center and it opened on June 18, 1973 with 18 students. The parents took over the operation in March 1975 and HEW legislation made it rent-free in 1976. Parents pay an average of \$42.50 per week, which covers a majority of the operating costs. Fund raising projects make up the difference but the budget is always very tight. The actual rental charge for their space would be approximately \$28,000 a year under the draft OMB circular and Miss Burke does not believe their center could continue to operate under those circumstances (Tab H).

The Department of Labor (DOL) recently moved into a new Headquarters building and opened a new day care center on 11 October 1977. Their center is now operated by a parent group which has received \$150,000 in "seed" money from DOL to put it into operation, schoolroom equipment from the old DOL center and rent-free space. The current charge is \$25 a month which is not representative of the cost of the service provided. An actual space charge for the center would be approximately \$66,000 a year and this is considered prohibitive to their continued operation (Tab I).

A summary of current information on the other four centers is attached (Tab J). One of these, the Department of Housing and Urban Development (HUD), is about to open its center in the basement of their building. This center has been developed as a result of strong employee interest and the efforts of several groups including the Women's Caucus and an employee union. A nonprofit employee corporation was formed to aid in the development and eventual operation of the center. Legislation was passed in 1976 to clarify the authority of HUD to convert, equip and maintain the space with the intent that the program be operated on a self-sustaining basis. HUD has paid for the renovation of the space and is providing necessary equipment. There will be no charge for space, utilities or maintenance; however, the center will have to reimburse for equipment over a ten year period (Tab K).

There are private consulting firms that have worked with other Federal agencies in helping to plan and implement day care centers. An organization called Children First worked with the Department of Labor on their first center and operated it

when it opened in 1968. The same firm has been working with HUD and appears to be near a contract agreement to operate their new center. Mr. Thomas Taylor heads Children First and he has indicated his willingness to discuss possible arrangements with the Agency, to include an employee survey of interest in a day care center (Tab L).

If there is sufficient interest to warrant further consideration of a day care center, one of the first major obstacles will be the availability of suitable space. A review of Headquarters building space indicates that the building is fully occupied and that there is a list of space requirements that already exceeds 70,000 square feet. It is estimated that if a separate building were constructed on Agency property for a day care center it would cost approximately \$336,000. A summary of estimated costs, a rough drawing of a building with four classrooms and a sketch of a proposed site are attached (Tab M).

A possible alternative for space has been offered by the Immanuel Presbyterian Church which is adjacent to the Agency Headquarters compound. They have a two-story building with five classrooms. It is currently being used by the Dolly Madison Pre-school on a half day basis during the school year. There is a possibility that a combined or shared program could be developed depending upon the interest of Agency parents.

3. Staff Position: The subject of the Government providing day care is a controversial one with strong feelings held on both sides (Tab N). Those who oppose Federal funding believe that any national program would be too costly, intrude on states' rights and give the Government too large a role in the rearing of the nation's children. They contend that most women do not want their children in day care centers, preferring more informal arrangements closer to home. Furthermore, they conclude that the current national supply of day care for preschool children is approximately adequate to current demand, although disparities may exist at the local level.

This controversy at the national level has tended to complicate the issue for Federal agencies considering day care centers for their own employees. There is no clear and safe path to follow and agency heads have had to push their administrative authority to its fullest extent to make centers possible. The General Counsel of the General Accounting Office (GAO) determined in July 1976 that expenditures of current appropriations for expenses associated with the establishment of a GAO day care center would be proper if operation of the center was determined to be necessary to recruit or retain staff or to maintain morale and hence, productivity. However, recognizing that the matter

is not free from controversy, the GAO General Counsel believed that substantial expenditures for this purpose should be set out in their budget presentation and made known to appropriation committees (Tab O).

It seems clear from the experience of other Federal agencies that the initial use of appropriated funds is essential to a successful program (Tab P). In the cases of HEW and Labor, day care centers were established and operating before they were turned over to parent groups for continuing operation. The parents have taken a more active role in the NIH and HUD centers but appropriated funds were necessary for the renovation and construction of their centers. In all four cases it appears that the centers do not have sufficient financial resources and support to continue operation if they are charged rent, utilities and maintenance. The final outcome of the draft OMB circular on charges for space is, therefore, of utmost significance to any consideration of day care centers (Tab Q).

Another factor which is crucial to the establishment of a day care center is the degree of employee interest and willingness to work on the project. This was particularly evident at NIH and HUD where employee pressure and voluntary effort led to the formation of various study groups and eventually to actions taken by the respective Secretaries. The involvement of parents became increasingly important as the current trend developed to make these centers self-sustaining.

In order to determine the interest and support of employees, meetings and group discussions should be held. If existing day care centers are not considered adequate by Agency employees, a strong interest in an Agency center should become evident. The Agency Women's Program would provide the best forum for initial discussions. Directorate representatives could be briefed and then hold meetings with their respective offices. This could be followed by a general meeting in the Headquarters Auditorium where interested male employees would also have the opportunity to participate. Based upon these meetings an employee survey similar to the attached NIH and Social Security surveys could be developed (Tab R). It would not appear necessary to employ an outside firm during the initial discussion and survey stages.

If sufficient employee interest and support is found, there will be a need for a professional day care specialist to lead in the planning and organization stages. There are many questions to be answered and detailed State and Federal regulations that must be satisfied. It would be to the advantage of

the Agency to hire a specialist, such as Miss Burke of NIH, and assign the individual to the Office of Equal Employment Opportunity. This would ensure closer control of the program, which is necessary for security reasons, and it would associate the program with a compatible activity. If this is not possible, it will probably be necessary to contract with a private firm.

The question of space should be left open at this time. It does not appear that an employee organization could borrow or repay the estimated \$336,000 required to construct a separate day care center building. There is, however, the possibility that suitable arrangements could be made with the Immanuel Presbyterian Church for the space they have or that approval could be obtained for the use of appropriated funds.

It is concluded that a CIA Day Care Center would be feasible at this time provided that a determination of strong employee interest and support is made. The General Counsel of GAO has been of the opinion that appropriated funds could be used under certain circumstances to construct or alter an existing building and operate and maintain a day care center, if the appropriate determination is made that such a center will enhance the morale of employees and contribute significantly to the performance of the organization's assigned mission. This determination has been made at HEW, DOL, NASA, NIH, HUD and Agriculture. We would not expect our situation to be different. There remains, however, the position taken by President Carter during early 1977 in opposition to Federal day care centers and the unresolved question of the draft OMB circular on charges for space. If the President is still opposed and the OMB circular is implemented in its present form, the feasibility of a day care center for CIA employees is greatly diminished. The interest and resolve of Agency employees would then have to be strong enough to overcome the funding problems involved in the construction and maintenance of space as well as the planning, organization and operation of a center.

4. Recommendations: It is recommended that the following course of action be taken with respect to consideration of a CIA day care center.

- a. Advise the Director that a CIA day care center is considered feasible at this time.
- b. Request that the OEEO, Federal Women's Program review this study, hold appropriate meetings, and work with the Day Care Committee in the development of an employee survey to determine the degree of interest in a CIA day care center.

- c. Assign responsibility to the Day Care Committee to analyze the employee survey results and to develop recommendations regarding the next course of action.



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Attachments